



DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

[Docket No. PTO-T-2020-0043]

Sovereign Immunity Study

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Request for Information.

SUMMARY: At the request of Senators Thom Tillis and Patrick Leahy, the United States Patent and Trademark Office (USPTO) is undertaking a study of the extent to which patent or trademark rights holders are experiencing infringement by state entities without adequate remedies under state law, and the extent to which such infringements appear to be based on intentional or reckless conduct. The USPTO seeks public input on these matters to assist in preparing the study.

DATES: Comments must be received by 5 p.m. ET on [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments and responses to the questions below by one of the following methods:

- a) **Electronic Submissions:** Submit all electronic comments via the Federal e-Rulemaking Portal at <http://www.regulations.gov> (at the homepage, enter **PTO-T-2020-0043** in the “Search” box, click the “Comment Now!” icon, complete the required fields, and enter or attach your comments). The materials in the docket will not be edited to remove identifying or contact information, and the USPTO cautions against including any information in an electronic submission that the submitter does not want publicly disclosed. Attachments to electronic comments will be accepted in Microsoft Word or Excel, or Adobe PDF formats only. Comments containing references to studies, research, and other empirical data that are not widely published should include copies of the referenced materials. Please do not submit additional materials. If you submit a comment with business confidential information that

you do not wish to have made public, please do so as a written/paper submission in the manner detailed below.

- b) **Written/Paper Submissions:** Send all written/paper submissions to: United States Patent and Trademark Office, Mail Stop OPIA, P.O. Box 1450, Alexandria, Virginia 22314. Submission packaging should clearly indicate that materials are responsive to [Docket Number: PTO-T-2020-0043], Office of Policy and International Affairs, Comment Request; State Sovereign Immunity.

Submissions of **Business Confidential Information:** Any submissions containing business confidential information must be delivered in a sealed envelope marked “confidential treatment requested” to the address listed above. Submitters should provide an index listing the document(s) or information that they would like the Department of Commerce to withhold. The index should include information such as numbers used to identify the relevant document(s) or information, document title and description, and relevant page numbers and/or section numbers within a document. Submitters should provide a statement explaining their grounds for objecting to the disclosure of the information to the public as well. The USPTO also requests that submitters of business confidential information include a non-confidential version (either redacted or summarized) that will be available for public viewing and posted on <https://www.regulations.gov>. In the event that the submitter cannot provide a non-confidential version of its submission, the USPTO requests that the submitter post a notice in the docket stating that it has provided the USPTO with business confidential information. Should a submitter either fail to docket a non-confidential version of its submission or to post a notice that business confidential information has been provided, the USPTO will note the receipt of the submission on the docket with the submitter’s organization or name (to the degree permitted by law) and the date of submission.

FOR FURTHER INFORMATION, CONTACT: Laura Hammel, USPTO, Office of Policy and International Affairs, at Laura.Hammel@uspto.gov or 571-272-9300. Please direct media inquiries to the Office of the Chief Communications Officer, USPTO, at 571-272-8400.

SUPPLEMENTARY INFORMATION:

Several Supreme Court decisions have invalidated statutes that barred states' assertions of sovereign immunity in intellectual property (IP) disputes. In *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*¹ (*Florida Prepaid*), the Court found that the Patent and Plant Variety Protection Remedy Clarification Act, which had abrogated states' immunity from patent infringement suits, was unconstitutional. In *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board* (*College Savings*),² the Court found that the Trademark Remedy Clarification Act, which provided that states could be sued for false and misleading advertising under section 43(a) of the Trademark Act, was unconstitutional. This year, in *Allen v. Cooper*,³ the Court ruled that the Copyright Remedy Clarification Act of 1990, which abrogated states' immunity for liability for copyright infringement, was also unconstitutional.

In both *Florida Prepaid* and *Allen*, the Supreme Court made clear that Congress does have authority, in certain circumstances, to strip states of the immunity they enjoy under the 11th Amendment.⁴ Both decisions pointed to a line of cases, including *Fitzpatrick v. Bitzer*⁵ and *City of Boerne v. Flores*,⁶ holding that section 5 of the 14th Amendment⁷ empowers Congress to abrogate state sovereign immunity in order to prevent conduct prohibited by section 1 of that Amendment,⁸ such as the deprivation of property without due process of law. In principle,

¹ 527 U.S. 627 (1999).

² 527 U.S. 666 (1999).

³ 140 S. Ct. 994 (2020).

⁴ U.S. Const. amend. XI.

⁵ 427 U.S. 445 (1976).

⁶ 521 U.S. 507 (1997).

⁷ U.S. Const. amend. XIV(5).

⁸ U.S. Const. amend. XIV(1).

Congress may abrogate state sovereign immunity to prevent the *unconstitutional* deprivation of an IP right.

Nevertheless, in both *Allen* and *Florida Prepaid*, the Court emphasized that some, but not all such deprivations are unconstitutional. A state's deprivation of property will violate the 14th Amendment⁹ only if (1) it is "intentional, or at least reckless"¹⁰ and (2) the state does not provide an adequate remedy to redress the deprivation. Due process is not lacking where there is an adequate remedy in place.¹¹

In both cases, the Court found that Congress's abrogation of state sovereign immunity was not supported either by a record that showed a pattern of infringing conduct by the states¹² or by consideration of whether there were adequate state remedies available for any infringement that does occur.¹³ *Allen* stressed that Congress was not precluded from passing a valid law in the future that abrogated state sovereign immunity for copyright infringement.¹⁴ It suggested that such a statute should "link the scope of its abrogation to the redress or prevention of constitutional injuries,"¹⁵ and that this linkage should be supported by a legislative record.

In a letter to the Director of the USPTO dated April 28, 2020, Senators Thom Tillis and Patrick Leahy asked that the USPTO study the extent to which patent and trademark owners experience infringements by state entities without adequate state law remedies. They further asked that the analysis include a study of the extent to which such infringements may be intentional or reckless.

⁹ U.S. Const. amend. XIV.

¹⁰ *Allen*, 140 S. Ct. at 1004.

¹¹ *Florida Prepaid*, 527 U.S. at 643.

¹² *Florida Prepaid*, 527 U.S. at 645; *Allen*, 140 S. Ct. at 1006.

¹³ *Florida Prepaid*, 527 U.S. at 643-44; *Allen*, 140 S. Ct. at 1006-7.

¹⁴ *Allen*, 140 S. Ct. at 1007.

¹⁵ *Id.*

Finally, they requested that the USPTO provide a public report summarizing the findings of the study so that Congress can evaluate whether legislative action should be taken.¹⁶

Request for Information: To aid in the study that Senators Tillis and Leahy requested, the USPTO invites written comments on the questions below. In responding to the questions, commenters are encouraged to explain the reasons for their responses when appropriate. In addition, the USPTO asks that commenters explain their interest in the study and the basis for their knowledge (e.g., the commenter is a patent and/or a trademark rights holder, or a state attorney general or other state official, or represents a state entity, such as a state university). Commenters need not respond to every question and may provide relevant information even if not responsive to a particular question.

1. Extent of asserted patent and/or trademark infringements by states or state entities¹⁷:
 - a. How frequently do rights holders assert that a state or state entity has infringed their patents or trademarks, either via lawsuits or through some other means?
 - b. Has there been an increase in the number of assertions of patent and/or trademark infringements by states or state entities since the Supreme Court’s decision in *Florida Prepaid*, which had invalidated a statutory abrogation of state sovereign immunity from patent infringement, and what empirical evidence is available to determine whether there has been a change over time? What metrics can be used to determine the frequency of state patent and/or trademark infringement?
 - c. If you are an official of a state or a state entity, does your state track claims of patent and/or trademark infringement, and if so, how many such claims were asserted before and since 1999, (i) via lawsuits and (ii) otherwise?

¹⁶ Senators Tillis and Leahy also requested the United States Copyright Office (USCO) to conduct a parallel study on copyright issues. See a Notice of Inquiry that the USCO published in the *Federal Register* (85 FR 34252, June 3, 2020) in connection with that request.

¹⁷ As used in this Notice, “state entities” includes entities such as public state universities and state-owned entities such as transportation entities, and economic development entities.

- d. Do you anticipate that the *Allen* decision will result in a rise in the number of instances in which states and state entities will engage in, or be accused of engaging in, patent and/or trademark infringement?
- e. Are you aware of state laws, regulations, and/or policies that either minimize or increase the likelihood that the state or a state entity will engage in patent or trademark infringement? If yes, can you provide copies of, or citations to, those state laws, regulations, and/or policies?

2. Information about particular instances of infringement:

- a. Please identify all instances you are aware of in which, since 1999, a state or state entity was accused of infringing a patent or trademark. For each, please indicate what role, if any, you had in the dispute (e.g., you acted on behalf of a state through its Attorney General's office, or as counsel to a state entity; or you acted as or on behalf of a rights holder; or you were an observer), and for each please:
 - i. Identify the patent or trademark asserted to have been infringed and the state entity involved, and with respect to the trademark, indicate whether it was registered, either federally or with one or more states;
 - ii. Describe how, when, and where the asserted acts of infringement were committed;
 - iii. If the matter was the subject of a lawsuit, identify: (a) the court, (b) the names of the parties, (c) the claims asserted and the relief sought, and (d) the ultimate resolution, if any. In addition, if the litigation resulted in the issuance of judicial opinions, please provide copies of these if unpublished, and citations if published;
 - iv. If the matter was not the subject of a lawsuit, clarify whether the state was nevertheless contacted about it, and if so, how did the state respond, and how was the matter resolved? If you are the rights holder or its

representative, what was the basis of the decision not to litigate the matter?

- v. Were there allegations that the asserted infringement was intentional or reckless, and if yes, what was the basis for that allegation?
- vi. Explain whether the asserted infringement was carried out pursuant to a state policy. If yes, and that policy is set forth in an official state document, please provide a citation to, or a copy of, that document.
- vii. Explain whether the asserted infringement was carried out pursuant to a state law or regulation. If yes, please provide a citation to that law or regulation.

3. How defenses of sovereign immunity are asserted and treated in patent and trademark infringement cases:

- a. How do states and state entities typically respond to credible claims of patent and trademark infringement? Do they frequently assert defenses of sovereign immunity in litigation and in discussions with rights holders about claims of infringement? Do they frequently seek to resolve the claims outside of litigation, even though sovereign immunity would be available if the rights holder filed suit?
- b. Which state entities are entitled to assert sovereign immunity, and pursuant to which state policies, laws, or regulations?
- c. Are there formal or informal state policies that require or permit states and/or particular state entities to assert sovereign immunity? Are there any policies that *prohibit* such assertions? If any such policies are set forth in official government documents, or in relevant laws, regulations, ordinances, or constitutions, please provide copies or citations.
- d. Are there instances in which states or state entities have explicitly waived sovereign immunity in patent and/or trademark infringement cases, and if so, under what

authority? Alternatively, are there state laws, regulations, or policies that *preclude* such waivers, and if yes, please provide copies or citations.

- e. Are there instances in which a court has found that a state or state entity has waived sovereign immunity in patent and/or trademark infringement cases, and if yes, what were the bases of those findings?
- f. When states or state entities assert defenses of sovereign immunity in patent and/or trademark infringement cases, do courts generally accept these defenses? If courts reject these defenses, on what basis do they do so?
- g. What defenses other than sovereign immunity, if any, do states or state entities typically assert in patent and/or trademark infringement lawsuits?

4. Other impacts of availability of sovereign immunity:

- a. In your view, do the outcomes of claims of patent and trademark infringement, whether asserted in litigation or otherwise, differ depending on whether the asserted infringement was carried out by a private party or a state or state entity, and, if yes, are such differences attributable to the availability of sovereign immunity? Please explain the basis for your view, and if it is based on particular instances in which there were claims of patent or trademark infringement, please describe those instances.
- b. In your view, does the availability of sovereign immunity as a defense in litigation lead patent and/or trademark rights holders to enter into licensing arrangements with states or state entities on terms that are more favorable than those granted to private licensees or to otherwise change their licensing practices? Please explain the basis for your view, and if it is based on particular instances in which the availability of sovereign immunity did or did not impact the outcome of licensing negotiations, please describe those instances.
- c. Are you aware of instances in which the availability of sovereign immunity as a defense in litigation has deterred patent and/or trademark rights holders from

commencing litigation against a state entity and/or from notifying it about an infringement?

5. Nature and availability of state remedies:

- a. Are there causes of action under state law that may provide adequate remedies for patent and/or trademark infringement by states or state entities? For example, are any of the following causes of action available and typically asserted: state trademark infringement; takings claims, such as conversion or reverse eminent domain; tort claims; contract claims; or writs of trover, replevin, or detinue?
 - i. If yes, are the elements of these causes of action and the associated remedies comparable to those associated with infringement actions brought pursuant to the Lanham Act¹⁸ and/or the Patent Act¹⁹?
 - ii. Are you aware of instances in which damages were awarded in patent and/or trademark suits brought against states or state entities pursuant to such causes of action? If yes, please identify those instances and provide information about them.
 - iii. In which state courts can a rights holder bring a patent or trademark infringement action against a state or state entity? Which of the following doctrines, if any, are impediments to doing so: sovereign immunity, state law, federal preemption, or others?
- b. In cases of patent and/or trademark infringement by states and state entities, to what extent is injunctive relief available against state officials who act within the scope of their authority? Is such relief adequate to address the needs of patent and/or trademark rights holders whose rights are infringed?

6. Other matters

¹⁸ 15 U.S.C. § 1051 et seq.

¹⁹ 35 U.S.C. § 1 et seq.

- a. Please describe any formal or informal policies that states may have for responding to claims of patent and/or trademark infringement, including policies regarding payments to or negotiations with rights holders. If these policies are written, please provide copies.
- b. When rights holders notify states or state entities of patent or trademark infringements informally rather than via lawsuits, do they typically do so through the Attorney General's office or through other officials? In cases in which the interactions are with offices other than the Attorney General, is the Attorney General's office typically notified?
- c. Do states or state agencies typically carry insurance policies that would cover patent or trademark infringement by state employees, and if so, would such coverage extend to intentional, reckless, or negligent infringements?
- d. Please identify any other pertinent issues that the USPTO should consider in conducting its study.

Dated: October 30, 2020.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

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